

Message Text

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SUBJECT: MILAN TRADE CENTER COMPUTER SHOW FINDS ITALIAN EDP
MARKET FLOURISHING

1. MAJOR COMPUTER SHOW JUST HELD AT U.S. TRADE CENTER MILAN HAS,
WE BELIEVE, PROVIDED FRESH AND SURPRISINGLY OPTIMISTIC INSIGHTS
INTO THE CURRENT STATE OF ITALY'S ECONOMY.

2. EXTENSIVE CONTACTS BY TC STAFF WITH ITALIAN AGENTS FOR US
COMPUTER MAKERS REVEAL THAT EDP SECTOR HERE IS UNDERGOING BOOM
CONDITIONS. MOST AGENTS TOLD US THAT THEIR SALES ARE NOW
AT ALL-TIME RECORD LEVEL AND STILL GROWING RAPIDLY, TO THE
POINT THEY ARE HAVING REAL DIFFICULTIES IN KEEPING UP WITH
DEMAND. BRANCH OFFICES ARE OPENING APACE TO MEET NATION-WIDE
NEEDS. FURTHER, SOARING DEMAND LEVELS HAVE CREATED A SEVERE
SHORTAGE OF TRAINED SALES AND TECHNICAL PERSONNEL. BESIDES THE
USUAL SALES ACTIVITY THERE WAS CONSIDERABLE INTRAMURAL PERSONNEL
PIRATING AND JOB RECRUITING GOING ON DURING THE SHOW.

3. QUESTION ARISES WHY, IN MIDST OF ITALY'S GLUM ECONOMIC
SITUATION, THIS VERY SIGNIFICANT SECTOR IS FLOURISHING. COULD
THIS BE AN EARLY INDICATOR OF A GENERAL ECONOMIC REBOUND?

4. MOST OF THE CENTER'S EXHIBITORS THOUGHT SO, CITING AN
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PAGE 02 MILAN 00885 170725Z

INCREASE IN ORDERS FROM BROAD SPECTRUM OF INDUSTRIAL SECTORS,
ESPECIALLY THE METALWORKING INDUSTRIES AND THOSE ORIENTED TOWARD
EXPORT. THIS COMPUTER SALES BOOM IS ALSO APPARENTLY BEGINNING
TO REACH DOWN INTO EVEN THE SMALLER INDUSTRIES. ACCORDING TO
THE HEAD OF THE ASSOCIATION OF ITALIAN SMALL INDUSTRY "EVEN THE
SMALLEST OF OUR MEMBERS REALIZED HE MUST THINK ABOUT COMPUTERISING".
OUR EXHIBITORS CONCURRED THAT A GROWING AND WIDESPREAD AWARENESS

OF THE NEED TO COMPUTERISE, IS VERY MUCH HERE - NOT ONLY BECAUSE OF GREATER OPERATIONAL EFFICIENCIES, BUT ALSO AS A MEANS OF REDUCING HIGH LABOR COSTS. INTERESTINGLY ENOUGH THREE MILANESE EXHIBITORS STATED FLATLY THAT GOI ECONOMIC STATISTICS ARE INCORRECT AND THAT THE ECONOMIC SITUATION IS THEREFORE BEING NEGATIVELY EXAGGERATED. THIS HOWEVER COULD BE A REFLECTION OF THE OLD FEUD BETWEEN MILANESE BUSINESS AND THE ROMAN BUREAUCRACY.

5. EXHIBITORS ALSO POINTED OUT THAT ITALY, COMPARED WITH OTHER MAJOR EUROPEAN NATIONS IS SERIOUSLY "UNDERCOMPUTERIZED", AND IS NOW IN THE PROCESS OF CATCHING UP. HOWEVER TIGHT MONEY, COMBINED WITH FAST-CHANGING TECHNOLOGY HAS ENHANCED THE DESIRABILITY OF LEASE ARRANGEMENTS.

6. ANOTHER CONTRIBUTING FACTOR MENTIONED BY EXHIBITORS IS THAT INCREASED EFFECTIVENESS OF ITALIAN FX REGULATIONS IS FORCING COMPANIES TO INVEST IN PLANT FACILITY AT HOME RATHER THAN IN FOREIGN BANKS.

7. ADMITTEDLY, THIS SWALLOW DOES NOT MEAN THAT SUMMER IS FINALLY HERE. NONETHELESS THIS SAMPLING FROM A HIGHLY SUCCESSFUL SHOW IN A PIVOTAL INDUSTRY DOES TELL US THAT VERY MANY ITALIAN FIRMS - SMALL AND LARGE - ARE IN FACT SPENDING BIG MONEY ON THESE CAPITAL GOODS. THIS EXPRESSION OF BUSINESS CONFIDENCE, EVEN EBULLIENCE, IS A WELCOME CHANGE FROM LAST YEAR'S STEADY DIET OF UNCERTAINTY AND GLOOM, COULD POINT TO BETTER TIMES AHEAD.FINA

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